



**FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: Stewart Enterprises, Inc.
DOCKET NO.: 05-24602.001-R-1 through 05-24602.002-R-1
PARCEL NO.: See Below

The parties of record before the Property Tax Appeal Board are Stewart Enterprises, Inc., the appellant(s), by attorney John P. Fitzgerald, of John P. Fitzgerald, Ltd of Chicago; and the Cook County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Cook County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO	PARCEL NUMBER	LAND	IMPRVMT	TOTAL
05-24602.001-R-1	24-04-334-004-0000	\$12,972	\$ 1,038	\$14,010
05-24602.002-R-1	24-04-334-011-0000	\$19,961	\$19,764	\$39,725

Subject only to the State multiplier as applicable.

ANALYSIS

The subject property consists of a 20,925 square foot parcel improved with a one-story and part two-story style mixed-use residential-commercial building of masonry construction. Containing, approximately 9,685 square feet, the subject features residential/commercial space with a four car garage. The subject is currently utilized as a funeral home.

The appellant, through counsel, submitted evidence before the Property Tax Appeal Board that the subject's market value is not accurately reflected in its assessment. In support of this argument, the appellant offered an appraisal report prepared by Rufino Arroyo of Peterson Appraisal Group, Ltd., Chicago. The appraisal revealed that Arroyo is a State of Illinois certified general appraiser.

The appraisal disclosed that Arroyo inspected the interior and exterior of the subject on October 20, 2005. Further, the appraisal revealed the subject was appraised as fee simple; and its highest and best use as improved is its current use. To estimate a value for the subject of \$550,000 as of January 1, 2005, the appraiser utilized three approaches to value; the cost approach, the income capitalization approach, and the sales comparison approach.

After describing the subject's environs, the appraisal described the subject improvement as originally built in 1936, with later additions.

The first approach addressed in the appraisal was the cost approach to value. To estimate a value for the subject's land the appraiser selected the sales of five properties located in the subject's general area. These properties range in size from 22,800 to 151,023 square feet of land area with similar zoning restrictions. The comparables sold from March 2002 to June 2004 for prices ranging from \$105,000 to \$400,000 or from \$1.72 to \$5.36 per square foot of land area. The appraiser included a grid indicating the adjustments made to the comparables for property rights conveyed, financing terms, conditions of sale, market conditions, location, size, and physical characteristics. From this data, the appraiser estimated a unit value of \$5.00 per square foot for the subject's land area, or \$105,000, rounded.

The Marshall Valuation Service category of an Average Class C Mortuary was used to estimate a replacement cost new for the subject. The base building cost was estimated at \$79.70 per square foot of building area, or \$771,895, and \$22.00 per square foot, or \$22,770, was used as the cost for building the garage. Thus, the total base building cost was estimated to be \$794,665. Multipliers for story height, current costs and local cost were applied resulting in \$1,050,000, rounded, as the subject's replacement cost new. Site improvements such as paving, concrete, lighting and fencing were added to estimate a cost for site improvements of \$80,000, rounded, including multipliers. Accrued depreciation of 60%, or \$678,000 was estimated and deducted from the estimated total of the cost of the improvements. This calculation resulted in a depreciated value for the subject's improvements of \$452,000. The estimated land value was then added to the estimated depreciated value for the subject's improvements. The appraiser's final estimate of value for the subject through the cost approach was \$555,000, rounded.

In the income approach to value the appraiser analyzed the data from five rental comparables located in the subject's general area. The properties ranged in size from 2,880 to 40,000 square feet. All five rent comparables were contained in multi-tenant office buildings. Four of the properties were rented on a triple net basis while the fifth was on the market on a triple net basis. The rents ranged from a low of \$5.00 (asking) to \$7.25

(actual) per square foot. Adjustments were made for size, condition, building features and location, which indicated to the appraiser that the subject would demand a rent at the high end of the range. The appraiser estimated the subject's per square foot rent would be \$7.25 per square foot, or a potential gross income (PGI) of \$70,216. Based on an examination of the market, a 7% vacancy and collection loss (V&C) was estimated resulting in the effective gross income (EGI) of \$63,302. Management expenses, miscellaneous expenses, reserves for replacement, and owner's expenses while property is vacant were estimated to be \$10,973. This figure was deducted from the EGI resulting in an estimated net operating income (NOI) of \$54,328.

The band of investment technique was utilized to determine an estimated capitalization rate 10% for the subject. The band of investment technique, the appraisal disclosed, was supported by various published sources. The estimated capitalization rate was applied to the NOI to estimate a value \$545,000, rounded, through the income capitalization approach.

When preparing the sales comparison approach to value, the appraiser employed the sales of five properties located in the subject's general area. The comparables are one or two story commercial buildings of masonry construction built from 1945 to 1973. The comparables range in building size from 4,536 to 11,800 square feet and in land size from 6,110 to 24,100 square feet with land to building ratios ranging from 0.74:1 to 4:52:1. These properties sold from July 2002 to June 2003 for prices ranging from \$240,000 to \$770,000, or from \$37.39 to \$47.89 per square foot of building area.

The appraisal included a grid analysis of the adjustments made to the comparables for variables such as size, property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, and economic characteristics. Based on the adjusted sales comparables, the appraiser estimated a unit value of \$46.00 per square foot of building area, or \$143,000, rounded, as an indicated value for the subject's improvement only. The appraiser next added the estimated value for the subject's land of \$105,000, thus estimating a value for the subject of \$550,000, rounded, through the sales comparison approach to value.

When reconciling the three approaches to value the appraiser accorded the sales comparison approach to value principal weight with secondary weight applied to the cost and income approaches. The appraiser's final estimate of value for the subject was \$550,000, rounded, as of January 1, 2005.

The appellant requested a reduction of the subject's total assessment reflective of the appraiser's estimated value.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$101,199 was disclosed. This assessment reflects a market value of \$1,035,814 when the Illinois Department of Revenue's 2005 three-year median level of assessment of 09.77% for Cook County Class 2 properties is applied. In support of the subject's assessment, the board of review offered property characteristic sheets and a spreadsheet detailing three suggested comparable properties located in the same coded assessment neighborhood as the subject. The comparables consist of two-story style mixed-use properties of frame or masonry construction from 42 to 62 years old. The comparables contain two or three apartments and one commercial unit. These properties contain from 3,063 to 3,547 square feet of building area and have improvement assessments from \$8.78 to \$19.56 per square foot of building area. Based on this evidence, the board of review requested confirmation of the subject property's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The appellant's argument was that the subject's assessment is not reflective of its market value.

When overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. Section 1910.65 *The Official Rules of the Property Tax Appeal Board* (86 Ill.Ad.Code §1910.65(c)). Having considered the evidence presented, the Board concludes that the appellant has overcome this burden and a reduction is warranted.

The Property Tax Appeal Board finds that the appellant submitted an appraisal report prepared by a State of Illinois certified and licensed appraiser. The appraiser utilized the three approaches to value placing primary weight on the sales comparison approach to value. The Board finds that in the sales comparison approach, the appraiser analyzed the sales of five properties similar in many aspects to the subject. The Board finds that the appraiser's utilized appropriate techniques when adjusting the comparable sales. The Board finds that the appellant's appraisal is the most credible evidence in the record of the subject's market value and accords the appraisal primary and substantial weight.

Further, Board finds that the board of review did not address the appellant's contention that the subject's market value is not reflected in its assessment. To the contrary, the board submitted equity comparables that have little similarity to the subject. The Board accords the board of review's evidence diminished weight.

Therefore, the Property Tax Appeal Board finds that the appellant has met the burden of proving the value of the subject property by a preponderance of the evidence. Further the Board finds that the subject had a fair market value of \$550,000 as of January 1, 2005. As the subject's market value has been found herein, the Board finds that the Illinois Department of Revenue's three-year median level of assessment of 09.77% shall apply and finds that a reduction of the subject's assessment is appropriate.

Lbs/09

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Ronald R. Cuit

Chairman

K. L. Fern

Member

Frank A. Huff

Member

Mario Morris

Member

Shawn R. Lerbis

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: November 25, 2009

Allen Castrovillari

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.